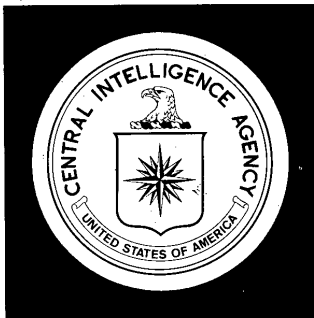


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DCI 1/24/74
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The President's Daily Brief

January 24, 1974

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THE PRESIDENT'S DAILY BRIEF

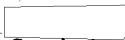
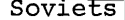
January 24, 1974

PRINCIPAL DEVELOPMENTS



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Egypt's acceptance of the disengagement agreement and renewed calls by Sadat for Palestinian participation in the Geneva talks have created havoc among the fedayeen. Arafat's efforts to develop a unified Palestinian policy on peace negotiations have been set back. (Page 2)

 Egypt
 Soviets

(Page 3)

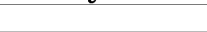
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France apparently is ready to sell 30 Mirage F-1 interceptors to Libya. The deal may involve an exchange of oil for the aircraft. (Page 4)

In Argentina, President Peron's call for a national mobilization against terrorists has, at least temporarily, united most Argentines behind him and isolated his opponents. (Page 5)

Popular discontent in India over persistent economic problems is causing fresh worry among leaders of the ruling Congress Party. The party was shaken by four by-election defeats earlier this month, and will have to perform more effectively if it is to avoid more serious setbacks in the months ahead. (Page 6)

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On Page 7 are notes on 
 Venezuelan oil developments, and
 Chilean political moves.

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FOR THE PRESIDENT ONLY

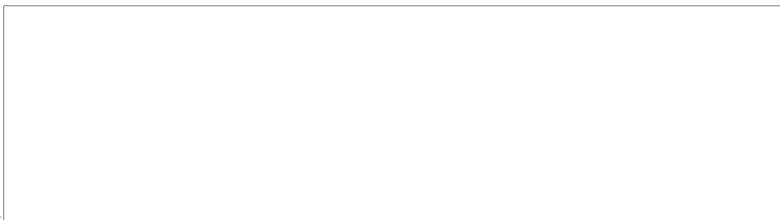
UNITED KINGDOM



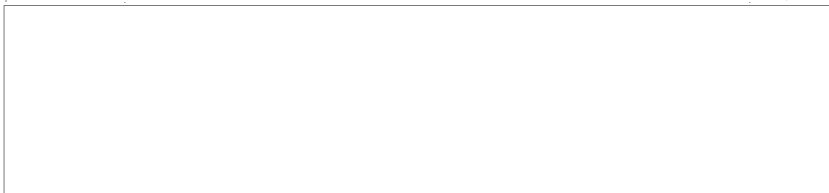
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FEDAYEEN

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Egypt's acceptance of the disengagement agreement and renewed calls by President Sadat for Palestinian participation in the Geneva talks have created havoc within the Palestine Liberation Organization. PLO Chairman Yasir Arafat, also the head of Fatah, the largest fedayeen group, is caught between his apparent commitment to back Sadat and the need to deal with widespread opposition to the Egyptian move among other fedayeen leaders.

Prompted by the leader of the Syrian-backed Saiqa organization, non-Fatah members of the PLO Executive Committee voted on January 19 to condemn the Egyptian-Israeli disengagement agreement as a betrayal of Palestinian interests. Arafat, who was in Cairo conferring with Sadat at the time the committee's decision was announced, quickly branded it "illegal."

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Whatever the message Arafat is bringing from Sadat, there is no sign that it will ease fedayeen unhappiness with Egypt or suspicions about Arafat's motives. Saiqa, second to Fatah in size and importance, will continue to reflect Syria's apprehensions about Egypt's unilateral negotiations with Israel. The smaller fedayeen organizations have little alternative to opposing Cairo's policy if they wish to ensure continuing support from their patrons in Iraq, Libya, and Syria.

This round of recriminations is another setback to Arafat's efforts to develop a unified Palestinian policy on peace negotiations.

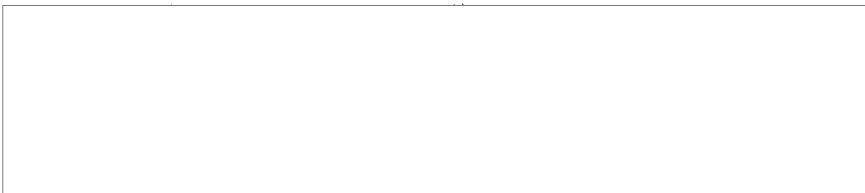
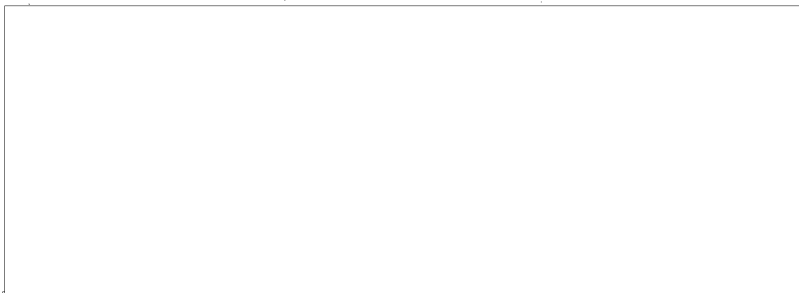
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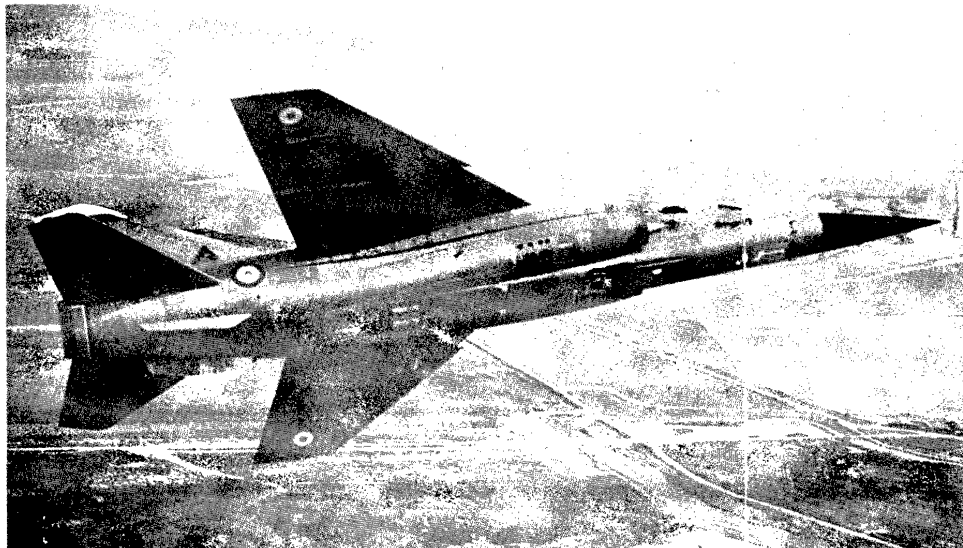
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USSR-EGYPT

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Mirage F-1 Interceptor



LIBYA-FRANCE

France apparently is ready to sell 30 Mirage F-1 interceptors to Libya. President Qadhafi had expressed interest in buying these aircraft during his visit to France last November

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The deal may involve an exchange of oil for the Mirages.

France has previously sold Libya 120 Mirage 5 and III aircraft, about 100 of which have already been delivered. The F-1 has greater range and maneuverability. The Libyans have also purchased and deployed the French Crotale surface-to-air missile system and are seeking additional radars from France to bolster Libya's air defense.

FOR THE PRESIDENT ONLY

ARGENTINA

President Peron's call for a national mobilization against terrorists has, at least temporarily, united most Argentines behind him and isolated his opponents.

The bloody attack by Marxist guerrillas on a military garrison last weekend has caused widespread outrage in a society that had become somewhat inured to violence. The raid also was a tactical disaster. Some 20 terrorists were apparently killed and hundreds of suspected extremists are being rounded up.

Military leaders have been reassured by Peron's tough response. Although their role in the counter-terrorist drive is still not clear, most officers see recent developments as marking the end of Peron's restraint toward the extremist groups. The President's criticism of provincial authorities for being soft on leftists was particularly welcomed by the military.

The left-leaning governor of Buenos Aires Province, where the guerrilla incident occurred, has already been forced to resign and there are press reports that the province will be taken over by central government officials. The governor and leftist labor leaders in Cordoba Province are also under fire.

The left-wing youth of the Peronist Movement has condemned the terrorists, but also criticized as "repressive" the new antiterrorist legislation now before Congress. Despite their continued protest against the draft legislation, it will undoubtedly be promulgated soon. Although recent events have given Peron a unique opportunity to strike a hard blow at the terrorists, his strong reaction runs the risk of driving the Peronist left wing into the extremist camp.

* * *

On the foreign affairs front, the government is putting pressure on the local Ford subsidiary to sell 1,500 passenger cars and 1,000 heavy trucks to Cuba in violation of OAS sanctions. Argentine officials say that if Ford does not comply, the company will be forced to sell the vehicles to the Argentine Government at a punitively low price for subsequent delivery to Cuba. Moreover, if Ford does not sell, it would not meet the export quota imposed by the government and thus would lose a proportionate share of the domestic market. Ford has already applied for a waiver from the US Treasury.

INDIA

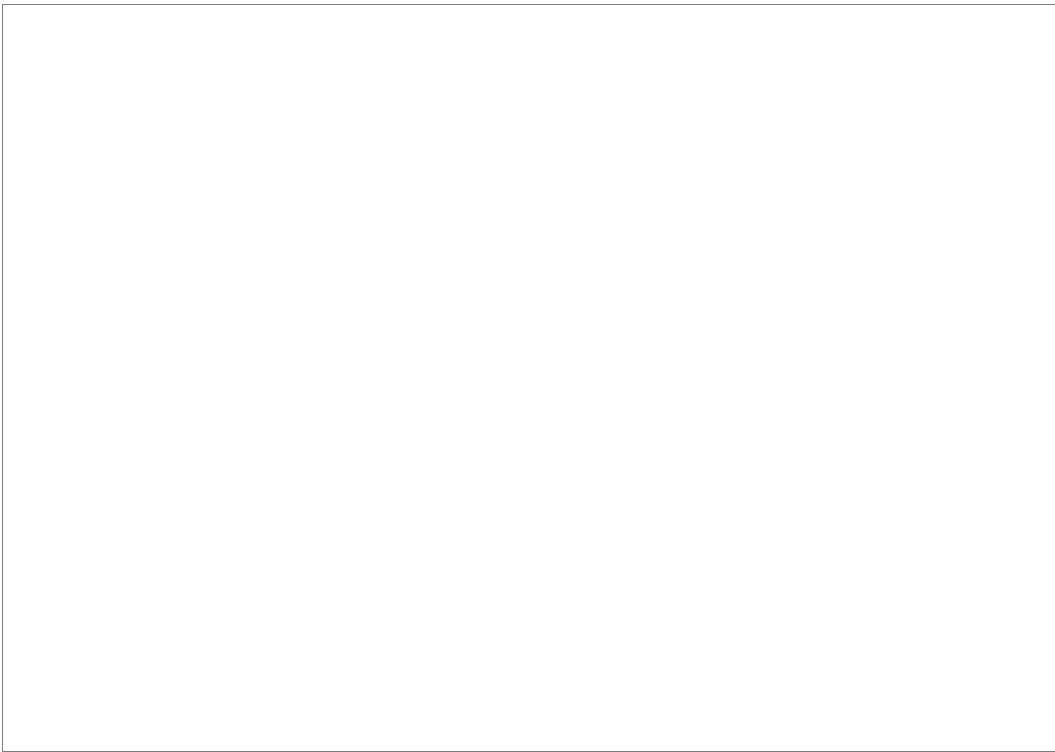
Popular discontent over continuing economic problems--recently aggravated by higher prices for oil--is causing fresh worry among leaders of the ruling Congress Party.

Earlier this month the Congress Party was shaken by four by-election defeats in Maharashtra State, heretofore a party stronghold. Coupled with a surge of antigovernment demonstrations in many areas, these defeats have raised questions of what may be in store next month when four states and a union territory elect new legislatures. The most important of the five approaching polls is in the north central state of Uttar Pradesh--Prime Minister Gandhi's home base and, with a population of 90 million, India's largest state. Mrs. Gandhi has exerted every effort to win this one, and victory seemed assured until the Maharashtra defeats showed the depth of the public's disenchantment with the party.

Mrs. Gandhi's government does not face re-election until 1976, and as yet there are no signs that a viable alternative to her party and its programs is in the making. It is clear, however, that the party's appeal is waning, and that her administration will have to perform more effectively if she is to escape more serious political consequences in the months ahead.

FOR THE PRESIDENT ONLY

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NOTES

USSR:

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Venezuela: The Caldera government, which only recently ordered foreign oil companies to pay 18 percent of their royalties in crude oil, beginning in early April, reportedly is considering raising this figure to 30 percent. This move would be consistent with Venezuela's increasing interest in using its oil for political advantage by selling to other Latin American countries at preferential prices.

Chile: The government this week issued a regulation banning specific activities by moderate and conservative political parties. Unlike the leftist parties, which were outlawed, these parties have been permitted an "inactive" existence. The junta's desire to "depoliticize" the country apparently continues to outweigh the argument, pressed by the Christian Democrats, that only Communists or other leftists skilled in clandestine activity stand to gain from the moratorium.

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